



GREYMOUTH PETROLEUM

Greymouth Petroleum awarded coveted J Block permit and plans deep gas probe

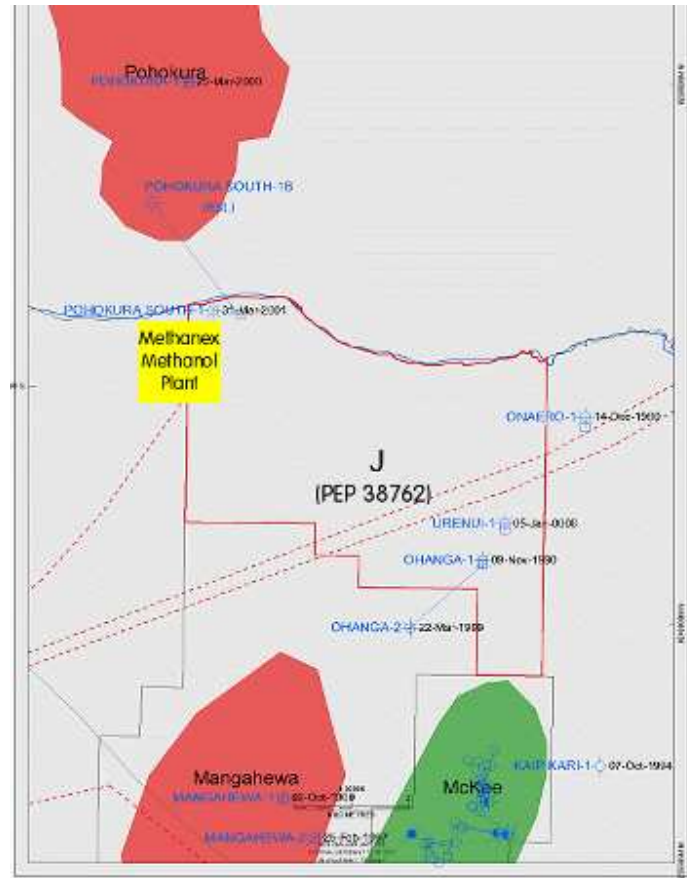
Press Release by Greymouth Petroleum at 12 noon 09 March, 2004

New Zealand owned and operated Greymouth Petroleum confirmed today that it has been awarded a new petroleum exploration permit PEP38762, located onshore on the north coast of the Taranaki Peninsular, immediately west of the town of Waitara. The permit covers an area of 28 sq km of mainly flat farmland. The large Methanex owned Motonui Methanol plant is located near the NW corner of the block and the main gas distribution pipelines to Auckland bisect the block. Block J lies along the same inversion trend and sits between the offshore Pohokura field (Reserves: 900 Billion cubic feet of gas and 50 Million barrels of condensate) and the onshore Mangahewa field (Reserves: 101 Bscf of recoverable gas and 0.7 Million barrels of condensate). Three dimensional seismic covers the block and three deep exploration wells have been drilled in the block over the last thirty years, namely:

- **Urenui-1** which was drilled by Aquitaine in 1970 as the first test of the thrust trend. The well encountered good hydrocarbon shows in both over-thrust and *insitu* McKee and Mangahewa Formation sandstones.
- **Ohanga-1** was drilled in 1990 by New Zealand Petroleum as an up-dip test of the Urenui structure, following on from the success of the McKee Field. It encountered good gas/condensate shows throughout the over-thrusted McKee and Mangahewa sections. However, reservoir quality was poor and the well could not be successfully flowed. The well also encountered good shows in the upper part of the *insitu* Mangahewa Formation but saturations again were thought too low to warrant testing.
- **Pohokura South-1** an onshore well drilled in April, 2001 (at the time of the Fletcher Energy sale to Shell) was designed to test the onshore and southern extension of the Pohokura Field in PEP 38705. The well did not reach the prognosed depth due to a sheared core barrel lost in the hole but encountered good hydrocarbon shows.

Greymouth Petroleum considers that the gas and oil potential of this block is significant and of useful scale. In the next twelve months, Greymouth's plans include drilling a gas exploration well to test the hydrocarbon potential of the Mangahewa Formation. Consideration will be given to the deepening of this well to test the Kaimiro Formation.

A map showing the location of Block J (now issued as Petroleum Exploration Permit 38762) is attached.



Greymouth is finalising planning works for a programme of exploration activities in a concerted probe for new deep gas reservoirs onshore in the Taranaki in the J Block permit and in its Kaimiro and Ngatoro Mining permits.

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